

Message Text

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ACTION EB-11

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E. O. 11652: N/A

TAGS: ETRN BF

SUBJ: CIVAIR - GCOB CONCERN OVER SUSPENSION OF PANAM FLIGHTS

REF: NASSAU A-28

1. MEA HAS SENT EMBASSY A NOTE EXPRESSING GCOB CONCERN OVER THE ADVERSE EFFECT ON THE BAHAMIAN ECONOMY WHICH SUSPENSION OF CERTAIN PANAM FLIGHTS WILL CAUSE. THE NOTE ASKS THE DEPARTMENT TO APPRISE THE CAB OF THE NEED FOR PANAM TO CONTINUE ITS SERVICES TO THE BAHAMAS. (COPY OF NOTE POUCHED ARA/CAR FOR FORWARDING TO CAB).

2. PANAM, ACCORDING TO THE NOTE, IS APPLYING TO THE CAB FOR SUSPENSION OF ITS MIAMI/NASSAU AND NEW YORK/FREEPORT SERVICES FROM APRIL 22 TO DECEMBER 15, 1974. THIS WILL LEAVE PANAM WITH ONLY ONCE DAILY SERVICE FROM NEW YORK TO NASSAU AND ROCK SOUND, ELEUTHERA. ADDITIONAL FUEL COSTS HAVE BEEN GIVEN AS THE REEASON FOR THE PROPOSED ACTION.

3. THE GCOB CALCULATES THAT 18 PERCENT OF ALL AIR ARRIVALS IN THE BAHAMAS IN 1973 CAME VIA PANAM (183,464 PEOPLE). OF THESE 112,164 CAME ON ITS FLIGHTS FROM MIAMI TO NASSAU AND NEW YORK TO FREEPORT. BY THESE CALCULATIONS IT IS ESTIMATED THAT THESE PEOPLE SPENT OVER \$50 MILLION OF 18-19 PERCENT OF LIMITED OFFICIAL USE

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TOTAL TOURIST EXPENDITURES IN THIS COUNTRY. THEREFORE THE GCOB

BELIEVES THAT AN AFFIRMATIVE DECISION BY THE CAB TO PANAM'S REQUEST WOULD HAVE AN ADVERSE EFFECT ON THE BAHAMIAN ECONOMY.

4. COMMENT: PANAM IS SEEKING CAB APPROVAL FOR SUSPENSION ONLY ON THE NEW YORK/FREEPORT SERVICE. A CLAUSE IN ITS CERTIFICATE MAKES IT UNNECESSARY TO OBTAIN CAB PERMISSION ON THE MIAMI/NASSAU ROUTE, SERVICE ON WHICH WILL BE SUSPENDED APRIL 22. NO DOUBT SUSPENSION OF THESE FLIGHTS WILL ADVERSELY EFFECT THE TOURIST ECONOMY, HOWEVER THE EMBASSY FEELS GCOB IS OVERSTATING THE IMPACT. DELTA WILL STILL BE SERVING FREEPORT FROM NEW YORK AND OBVIOUSLY WILL PICK UP SOME OF THE PASSENGERS. PANAM WILL BE PROVIDING CHARTER SERVICE WHICH HAS BEEN GROWING OVER THE PAST FEW MONTHS. EASTERN AND BAHAMASAIR BOTH SERVE MIAMI/NASSAU. SUSPENSION OF PANAM SERVICE SHOULD PROVE A BOON TO THE FLEDGLING BAHAMASAIR AND, IN FACT, PANAM HAS BEEN MEETING WITH BAHAMASAIR ON CLOSER COOPERATION.

5. LOCLA PANAM DIRECTOR NOTED THAT GCOB IS ALREADY IRRITATED AT PANAM OVER PREVIOUS CUTBACKS IN SERVICE TO THE BAHAMAS. THE BAHAMIAN TOURISM MINISTER HAS BEEN TALKING WITH HIS COUNTERPARTS IN BERMUDA WHERE A ROUTE SWITCH BETWEEN PANAM AND AMERICAN AIRLINES IS BEING CONSIDERED. THE GCOB'S NEXT STEP MAY BE TO ASK CAB TO AUTHORIZE AN ALTERNATE US CARRIER TO TAKE OVER THE PANAM ROUTE, AS AMERICAN MAY DO IN BERMUDA. SPIERS

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